
AGENCY OVERVIEW**117 Office of the State Auditor**

Date: 12/23/2014**Time:** 11:45:41**Statutory Authority**

North Dakota Century Code Chapter 54-10.

Agency Description

The State Auditor is a constitutionally elected state official. The Office of the State Auditor is divided into four operational divisions. The Division of State Audits, the largest division, is responsible for auditing state government and conducting financial, compliance, performance, and information system audits. The Division of Local Government Audits performs audits of counties, cities, school districts, and other political subdivisions. The Division of Royalty Audits conducts audits of federal royalty payments from oil, gas, and coal leases located within the State of North Dakota. Administration, the fourth division, accounts for activities of the State Auditor and the Office Manager.

Agency Mission Statement

To provide audit services designed to improve governmental operations and to provide accountability for the benefit of the citizens of North Dakota.

Agency Performance Measures

Conduct audits. Detailed performance measures are reported at the program level.

Major Accomplishments

1. Obtained a favorable Quality Control Review from peer states.

Future Critical Issues

Retain our staff and hire qualified staff.

REQUEST SUMMARY

117 Office of the State Auditor
Biennium: 2015-2017

Bill#: SB2004

Date: 12/23/2014

Time: 11:45:41

Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Budget Request
By Major Program					
Administrative Services	385,443	417,955	23,274	441,229	3,600
Division of Local Government Audits	1,295,861	1,833,268	34,514	1,867,782	15,900
Division of State Audits	6,730,870	8,055,534	50,589	8,106,123	1,120,718
Mineral Royalty Auditing	924,991	1,306,400	(56,293)	1,250,107	168,001
Total Major Program	9,337,165	11,613,157	52,084	11,665,241	1,308,219
By Line Item					
Salaries and Wages	8,549,312	10,199,637	223,694	10,423,331	851,669
Accrued Leave Line	0	201,157	(201,157)	0	0
Operating Expenses	698,179	922,363	69,547	991,910	106,550
Capital Assets	0	40,000	(40,000)	0	150,000
Information Tech Consultants	89,674	250,000	0	250,000	200,000
Total Line Items	9,337,165	11,613,157	52,084	11,665,241	1,308,219
By Funding Source					
General Fund	7,116,313	8,473,489	73,863	8,547,352	1,124,318
Federal Funds	924,991	1,306,400	(56,293)	1,250,107	168,001
Special Funds	1,295,861	1,833,268	34,514	1,867,782	15,900
Total Funding Source	9,337,165	11,613,157	52,084	11,665,241	1,308,219
Total FTE	50.80	53.80	0.00	53.80	3.00

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Salaries and Wages					
Salaries - Permanent	6,312,617	7,199,955	327,024	7,526,979	309,600
Salaries - Other	0	0	0	0	234,720
Temporary Salaries	133,600	257,200	1	257,201	0
Overtime	18,317	0	0	0	0
Fringe Benefits	2,084,778	2,742,482	70,381	2,812,863	133,637
Reduction In Salary Budget	0	0	(173,712)	(173,712)	173,712
Total	8,549,312	10,199,637	223,694	10,423,331	851,669
Salaries and Wages					
General Fund	6,532,991	7,446,331	197,161	7,643,492	698,168
Federal Funds	845,835	1,141,389	(45,232)	1,096,157	153,501
Special Funds	1,170,486	1,611,917	71,765	1,683,682	0
Total	8,549,312	10,199,637	223,694	10,423,331	851,669
Accrued Leave Line					
Salaries - Permanent	0	136,787	(136,787)	0	0
Fringe Benefits	0	64,370	(64,370)	0	0
Total	0	201,157	(201,157)	0	0
Accrued Leave Line					
General Fund	0	147,106	(147,106)	0	0
Federal Funds	0	21,381	(21,381)	0	0
Special Funds	0	32,670	(32,670)	0	0
Total	0	201,157	(201,157)	0	0
Operating Expenses					
Travel	110,340	178,447	22,303	200,750	0
Supplies - IT Software	42,731	16,044	(594)	15,450	0
Supply/Material-Professional	9,758	12,513	(613)	11,900	0
Food and Clothing	98	152	(152)	0	0
Bldg, Ground, Maintenance	363	154	(154)	0	0
Miscellaneous Supplies	152	478	(478)	0	0
Office Supplies	13,816	19,900	(400)	19,500	0
Postage	6,227	11,000	0	11,000	0
Printing	10,883	11,030	(30)	11,000	0
IT Equip Under \$5,000	57,886	35,016	12,084	47,100	1,450
Other Equip Under \$5,000	6,039	19,745	(6,895)	12,850	0
Office Equip & Furn Supplies	32,145	20,786	(12,786)	8,000	0

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Description	Expenditures 2011-2013 Biennium	Present Budget 2013-2015	Budget Request Change	Requested Budget 2015-2017 Biennium	Optional Budget Request
Insurance	5,492	8,900	(800)	8,100	0
Rentals/Leases-Equip & Other	144	0	6,360	6,360	0
Rentals/Leases - Bldg/Land	124,175	237,428	9,572	247,000	0
Repairs	12,051	14,000	0	14,000	0
IT - Data Processing	130,673	178,610	25,890	204,500	103,600
IT - Communications	43,997	44,682	(6,282)	38,400	1,500
Professional Development	62,465	77,202	11,798	89,000	0
Operating Fees and Services	15,299	20,800	(1,800)	19,000	0
Fees - Professional Services	12,387	15,476	12,524	28,000	0
Medical, Dental and Optical	1,058	0	0	0	0
Total	698,179	922,363	69,547	991,910	106,550
Operating Expenses					
General Fund	493,648	590,052	63,808	653,860	76,150
Federal Funds	79,156	143,630	10,320	153,950	14,500
Special Funds	125,375	188,681	(4,581)	184,100	15,900
Total	698,179	922,363	69,547	991,910	106,550
Capital Assets					
Extraordinary Repairs	0	40,000	(40,000)	0	150,000
Total	0	40,000	(40,000)	0	150,000
Capital Assets					
General Fund	0	40,000	(40,000)	0	150,000
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	0	40,000	(40,000)	0	150,000
Information Tech Consultants					
Fees - Professional Services	89,674	250,000	0	250,000	200,000
Total	89,674	250,000	0	250,000	200,000
Information Tech Consultants					
General Fund	89,674	250,000	0	250,000	200,000
Federal Funds	0	0	0	0	0
Special Funds	0	0	0	0	0
Total	89,674	250,000	0	250,000	200,000

Funding Sources

REQUEST DETAIL

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Federal Funds	924,991	1,306,400	(56,293)	1,250,107	168,001
Special Funds	1,295,861	1,833,268	34,514	1,867,782	15,900
Total Funding Sources	9,337,165	11,613,157	52,084	11,665,241	1,308,219

CHANGE PACKAGE SUMMARY

117 Office of the State Auditor
 Biennium: 2015-2017

Bill#: SB2004

Date: 12/23/2014

Time: 11:45:41

Description	Priority	FTE	General Fund	Federal Funds	Special Funds	Total Funds
<u>Base Budget Changes</u>						
One Time Budget Changes						
A-E 1 Remove One-Time funding for Renovating the Vault		0.00	(5,000)	0	0	(5,000)
Total One Time Budget Changes		0.00	(5,000)	0	0	(5,000)
Ongoing Budget Changes						
A-A 2 Base Budget Changes		0.00	(104,904)	10,320	(4,581)	(99,165)
A-F 1 Remove One-Time funding for Renovating the Vault		0.00	(40,000)	0	0	(40,000)
Base Payroll Change		0.00	223,767	(66,613)	39,095	196,249
Total Ongoing Budget Changes		0.00	78,863	(56,293)	34,514	57,084
Total Base Budget Changes		0.00	73,863	(56,293)	34,514	52,084
<u>Optional Budget Changes</u>						
One Time Optional Changes						
A-D 7 Funding to renovate the vault	7	0.00	150,000	0	0	150,000
Total One Time Optional Changes		0.00	150,000	0	0	150,000
Ongoing Optional Changes						
A-C 3 Restore Funding	3	0.00	173,712	0	0	173,712
A-C 100 Raises for existing staff	4	0.00	234,720	0	0	234,720
A-C 5 Add 2 Performance Auditors	5	2.00	296,686	0	0	296,686
A-C 6 Additional funding for Security Audit of ND Univ	6	0.00	200,000	0	0	200,000
A-C 8 Add 1 Minerals Royalty Auditor	8	1.00	0	153,501	0	153,501
A-C 9 ITD Desktop Support	9	0.00	69,200	14,500	15,900	99,600
Total Ongoing Optional Changes		3.00	974,318	168,001	15,900	1,158,219
Total Optional Budget Changes		3.00	1,124,318	168,001	15,900	1,308,219

BUDGET CHANGES NARRATIVE

117 Office of the State Auditor

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Date: 12/23/2014

Time: 11:45:41

Change Group: A	Change Type: A	Change No: 2	Priority: 2
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Base Budget Changes

Base budget changes and underfunding needed for 100% General Fund target.

Change Group: A	Change Type: C	Change No: 3	Priority: 3
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Restore Funding

Restore salaries underfunded to reach 100% General Fund target.

Salaries make up 90% of the General Fund budget. Any equity raises or promotions given outside the legislated raises makes it difficult to hit a 100% General Fund target. Any cuts needed must come from salaries. We ask that this amount be funded to ensure we can continue to hire and retain qualified professional staff.

Change Group: A	Change Type: C	Change No: 5	Priority: 5
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Add 2 Performance Auditors

Add 2 additional performance auditors to be able to meet the demand for more performance audits. Additional performance audits would provide more opportunities to identify programs and operations which could operate in a more efficient and effective manner as well as assisting in ensuring state entities are accountable to the citizens of the state. With the addition of two performance auditors, the Office of the State Auditor will be able to conduct two performance audits at relatively the same size. Historically, only one performance audit has been able to be conducted at a time due to staff constraints.

Change Group: A	Change Type: C	Change No: 6	Priority: 6
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Additional funding for Security Audit of ND University System

We were given \$100,000 last biennium to perform an additional security audit. We choose to conduct that audit on the North Dakota University System. Due to it's larger geographic size (eleven campuses throughout the state) the bids were higher than what we had for funding. The winning bid was \$300,000, we managed to reduce the bid to fit within our budget by significantly reducing the size of the audit. We believe this is an important audit for the State of North Dakota going forward and are asking for an additional \$200,000 to fully fund the requirements for this additional audit.

Change Group: A	Change Type: C	Change No: 8	Priority: 8
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Add 1 Minerals Royalty Auditor

Add one additional FTE and funding to our Royalty Audit Division. An Emergency Commission request was submitted and approved for this position for the current biennium.

Change Group: A	Change Type: C	Change No: 9	Priority: 9
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ITD Desktop Support

Changes need to Operating Budget in order for ITD to assume responsibility for desktop support.

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Change Group: A	Change Type: C	Change No: 100	Priority: 4
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Raises for existing staff

We need to retain our professional staff in order to meet our statutory obligations (CAFR, Single Audit and Biennial audits of State Agencies). The exceptional job market in North Dakota has made it difficult to compete with the private sector in order to retain as well as recruit qualified staff. Turnover in the past 2 years (FY 2013 & 2014) has been 26% in State Agency, 60% in Performance Audits and 38% in Colleges and Universities.

Change Group: A	Change Type: D	Change No: 7	Priority: 7
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Funding to renovate the vault

Renovate our existing metal vault into usable space.

All funding is one time funding.

Change Group: A	Change Type: E	Change No: 1	Priority: 1
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Remove One-Time funding for Renovating the Vault

Remove one-time operating funding from 2013-2015 biennium.

Change Group: A	Change Type: F	Change No: 1	Priority: 1
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Remove One-Time funding for Renovating the Vault

Remove one-time capital funding from 2013-2015 biennium.

Change Group: R	Change Type: A	Change No: 1	Priority:
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Restore salary funding

Restores funding removed from the base budget to meet general fund target.

Change Group: R	Change Type: A	Change No: 2	Priority:
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NDUS security audits

Provides funding from the University System office for completion of information technology security system audits of the eleven institutions.

Change Group: R	Change Type: A	Change No: 3	Priority:
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Desktop Support

Provides funding for desktop support provided by ITD.

BUDGET CHANGES NARRATIVE

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Change Group: R	Change Type: A	Change No: 100	Priority:
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Executive compensation adjustment package

Change Group: R	Change Type: B	Change No: 1	Priority:
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Vault Renovation